

September 17, 2004

Marlene H. Dortch Office of the Secretary Federal Communications Commission $445-12^{th}$ Street, SW Washington, DC 20036 SEP 2 7 2004
FCC - MAILROOM

DOCKET FILE COPY OPIGINAL

Regarding: CC Docket No. 96-45 Interstate Common Line Support – ICLS Interstate Access Support – IAS Annual Certification Filing

I am authorized by NTCH dba CLEARTALK to prepare line counts and authorization letters for the above stated high cost support. In June I prepared and faxed the accompanying letters, but being new, I failed to send the original letters, and only sent copies and those were sent by regular mail. I was advised by Matthew Quick and Anthony Pusateri that these authorization letters have not been reported and that I needed to refax them and send the originals to you by registered mail, which I have done.

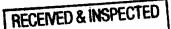
Company Name State Study Area Code NTCH dba Clear Talk ID 479003

Signed,

ETC Co-ordinator

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SEP 2 7 2004

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June 25, 2004

Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 – 12th Street, SW Washington, DC 20036

Regarding: CC Docket No. 96-45 Interstate Access Support – IAS Annual Certification Filing

This is to certify that IAT Communications dba as Clear Talk will use its Universal Service Interstate Access Support – IAS only for the provision, maintenance and upgrading of facilities and service for which the support is intended.

I am authorized to make this certification on behalf of the company named above. This certification is for the study area listed below.

Company Name State
IAT Communications dba Clear Talk ID

Study Area Code 479003

Date: 6-24-04

Signed,

(Signature of Authorized Representative)

(Printed Name of Authorized Representative)



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June 25, 2004

Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 – 12th Street, SW Washington, DC 20036

Regarding:

CC Docket No. 96-45 Interstate Common Line Support – ICLS Annual Certification Filing

This is to certify that IAT Communication dba as Clear Talk will use its Universal Service Interstate Common Line Support – ICLS only for the provision, maintenance and upgrading of facilities and service for which the support is intended.

I am authorized to make this certification on behalf of the company named above. This certification is for the study area listed below.

Company Name State Study Area Code IAT Communications dba Clear Talk ID 479003

Signed,

Signature of Authorized Representative)

(Printed Name of Authorized Representative)



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September 16, 2004

Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 – 12th Street, SW Washington, DC 20036

Regarding: CC Docket No. 96-45 Interstate Common Line Support – ICLS Annual Certification Filing

This is to certify that NTCH dba as Clear Talk will use its Universal Service Interstate Common Line Support – ICLS only for the provision, maintenance and upgrading of facilities and service for which the support is intended.

I am authorized to make this certification on behalf of the company named above. This certification is for the study area listed below.

Company Name NTCH dba Clear Talk State

Study Area Code 479003

Date: <u>9-16-04</u>

Signed,

Signature of Authorized Representative)

(Printed Name of Authorized Representative)



SEP 2 7 2004

September 16, 2004

Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 – 12th Street, SW Washington, DC 20036

Regarding: CC Docket No. 96-45 Interstate Access Support – IAS Annual Certification Filing

This is to certify that NTCH dba as Clear Talk will use its Universal Service Interstate Access Support – IAS only for the provision, maintenance and upgrading of facilities and service for which the support is intended.

I am authorized to make this certification on behalf of the company named above. This certification is for the study area listed below.

Company Name NTCH dba Clear Talk State

Study Area Code 479003

Date: 9-16-04

Signed,

Sygnature of Authorized Representative)

(Printed Name of Authorized Representative)



FARMERS MUTUAL TELEPHONE COMPANY

319 S.W. 3rd St. • P.O. Box 1030 • Fruitland, ID 83619 • (208) 452-4241 • Fax (208) 452-5341

September 24, 2004

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SEP 2 7 2004

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To:

Marlene H. Dortch

Office of the Secretary

Federal Communications Commission

445 12th Street, SW Washington, DC 20554

Re:

Interstate Common Line Support

Annual Certification Filing CC Docket No. 96-45

The attached affidavit certifies that <u>Farmers Mutual Telephone Company</u> Study Area Code 472221, will use all federal high cost support only for the provision, maintenance, and upgrading of facilities and service for which the support is intended, consistent with section 254(e) of the Communications Act.

A copy of this letter and affidavit is also being submitted to the Universal Service Administrative Company (USAC)

All inquires in connection with this filing should be addressed to our office

[Signature of Authorized Representative]

J. Jay Garrett
Printed Name of Authorized Representative]

Manager
[Title of Authorized Representative]

Enclosure

Cc: Irene Flannery, USAC

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FARMERS MUTUAL TELEPHONE COMPANY

319 S.W. 3rd St. • P.O. Box 1030 • Fruitland, ID 83619 • (208) 452-4241 • Fax (208) 452-5341

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AFFIDAVIT

I, J. Jay Garrett, Farmers Mutual Telephone Company hereby affirm that all federal high-cost revenues received by Farmers Mutual Telephone Company, Study Area Code 472221, will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with section 254(e) of the Communications Act.

J. Yay Garrett General Manager

Farmers Mutual Telephone Company

Subscribed and sworn to before me this 24th day of September, 2004

My commission expires: 10-25-04

Notary Public



HIGHLAND TELEPHONE COOPERATIVE

P. O. BOX 340 MONTEREY, VIRGINIA 24465

EXCHANGES: MONTEREY BLUE GRASS MILL GAP

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September 17, 2004

SEP 2 7 2004
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TO: Ms. Irene Flannery
Vice President—High Cost and Low Income Division
Universal Service Administrative Company
2000 L Street, NW, Suite 600
Washington, DC 20036

Ms. Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 12th Street, SW Washington, DC 20554

RE: ANNUAL CERTIFICATION REQUIREMENT FOR UNIVERSAL SERVICE FUNDING

Dear Ms. Flannery & Ms. Dortch:

In compliance with the Federal Communications Commission's Order released May 23, 2001, Highland Telephone Cooperative wishes to submit the enclosed affidavit to be used as certification for eligibility of universal service support. CC Document No. 96-45 is the number assigned to this order.

Feel free to contact me if additional information is needed.

Sincerely,

Ruth Newman Office Manager

Enclosure

CHARTERED 1905

SACaffidavit HIGHLAND TELEPHONE COOPERATIVE

P. O. BOX 340 MONTEREY, VIRGINIA 24465

EXCHANGES: MONTEREY BLUE GRASS MILL GAP RECEIVED & INSPECTED

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CC DOCKET NO. 96-45

AFFIDAVIT OF L. KIRK BILLINGSLEY IN SUPPORT OF HIGHLAND TELEPHONE COOPERATIVE'S USE OF FEDERAL UNIVERSAL SERVICE SUPPORT

STATE OF VIRGINIA

COUNTY OF HIGHLAND

I, L. Kirk Billingsley, declare as follows:

- 1. I am president of Highland Telephone Cooperative and am authorized to give this affidavit on its behalf. This affidavit is being given to support the certification of the use of federal universal service funds for 2005 as required by 47 C.F.R. [§ 54.313/§ 54.314].
- 2. Under 47 C.F.R. [§ 54.313/ § 54.314], the Cooperative is required to submit an annual certification to the Federal Communications Commission ("FCC") and the Universal Service Administrative Company ("USAC"), certifying that rural incumbent local exchange carriers and/or eligible telecommunications carriers serving lines in the service area of a rural incumbent local exchange carrier within the Commonwealth of Virginia will use federal high-cost universal service support in a manner consistent with section 254(e) of the Telecommunications Act of 1996 (the "Act"), 47 U.S.C. § 254(e). Absent such certification, such carriers will not receive universal service support. In order for carriers to receive federal support beginning January 1 of each year, the Commission's certification must be filed with the FCC and the USAC by October 1 of the preceding year.
- 3. Highland Telephone Cooperative hereby certifies that the federal high-cost universal support Highland Telephone Cooperative will receive in 2005 will be used for the services and functionalities outlined in 47 C.F.R. § 54.101(a), and that it will only use the federal high-cost support it receives for the provision, maintenance and upgrading of

facilities and services for which such support is intended, consistent with section 254(e) of the Act.
FURTHER AFFIANT SAYETH NOT.

L. Kirk Billingsley

HIGHLAND TELEPHONE COOPERATIVE

Subscribed and sworn to before me this 17th day of September, 2004.

My commission expires Jan 2006.

Katherine G Lanbour

Notary Public



MITT ROMNEY GOVERNOR

KERRY HEALEY LIEUTENANT GOVERNOR

BETH LINDSTROM DIRECTOR OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

THE COMMONWEALTH OF MASSACHUSETTS OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

DEPARTMENT OF TELECOMMUNICATIONS & ENERGY

ONE SOUTH STATION

BOSTON. MA 02110 (617) 305-3500

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PAUL G. AFONSO CHAIRMAN

JAMES CONNELLY, ESO. COMMISSIONER

W. ROBERT KEATING COMMISSIONER

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COMMISSIONER

DEIRDRE K. MANNING COMMISSIONER

September 23, 2004

Marlene H. Dortch, Commission Secretary Office of the Secretary Federal Communications Commission 9300 East Hampton Drive Capitol Heights, MD 20743

CC Docket No. 96-45 RE:

> Year 2004 Certification of Rural Carriers for Receipt of High-Cost Funds Year 2004 Certification for New Rate Comparability Review for Non-rural Carriers Serving in Rural Areas

The Massachusetts Department of Telecommunications and Energy ("MDTE") respectfully submits this filing in compliance with the Federal Communications Commission's ("Commission") requirement that state commissions certify that rural carriers are using highcost funds in a manner consistent with § 254(e) of the Communications Act and in compliance with the Commission's new requirement that each state annually review the comparability of residential rates in rural areas of the state served by non-rural incumbent local exchange carriers ("ILECs") to urban rates nationwide and certify to the FCC and the Universal Service Administrative Company as to whether the rates are reasonably comparable.

The MDTE certifies that the following rural carriers will use funds received for year 2004 rural high-cost support (including high-cost loop support, local switching support, highcost support received pursuant to the purchase of exchanges, high-cost model support, and hold harmless support) only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with § 254(e) of the Communications Act:

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FAX: (617) 345-9101 TTY: (800) 323-3298 www.mass.gov/dpu

Richmond Telephone Company (study area code 110037) Granby Telephone & Telegraph Company (study area code 110036) Taconic Telephone Corp. (study area code 150084)

With respect to the Commission's new annual rate comparability certification requirement, the MDTE certifies that the residential rates in rural areas served by non-rural ILECs in Massachusetts are reasonably comparable to urban rates nationwide. As a result of basic residential rate averaging, there is no disparity between the residential rate in non-rural and rural areas served by non-rural ILECs in Massachusetts.

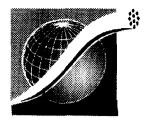
Should the Commission require any additional information concerning this matter, kindly contact me at (617) 305-3744.

Respectfully submitted,

Michael A. Isenberg

Director, Telecommunications Division

Michael a. drenberg



Terril Telephone Cooperative

107 S State Street PO Box 100 Terril, Iowa 51364-0100 **RECEIVED & INSPECTED**

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September 17, 2004

To: Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 12th Street, SW Washington, D.C. 20554

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Irene M. Flannery Vice President - High Cost and Low Income Division Universal Service Administrative Company 2120 L Street, NW, Suite 600 Washington, D.C. 20037

Re: CC Docket No. 96-45

Interstate Common Line Support and Long Term Support – ICLS

Annual Certification Filing

This is to certify that Terril Telephone Cooperative ("the company"), will use its Interstate Common Line Support and Long Term Support only for the provision, maintenance, and upgrading of facilities and service for which the support is intended.

I am authorized to make this certification on behalf of the company named above. This certification is for the study area listed below.

Company Name	State	Study Area
Terril Telephone Cooperative	Iowa	351309

Signed,

Douglas R. Nelson, agus of a selection of the

CEO

car army the publication in a great result and become

Date:

NO PARTY HAS Terril Telephone Cooperative PO Box 100

Terril, IA 51364-0100

712-853-6121

No. of Copies rec'd List ABCDE

** ** J}





September 20, 2004

DOCKET FILE COPY ORIGINAL

Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 - 12th Street, SW, Room TW-A306 Washington, DC 20554

RE: CC Docket No. 96-45

Study area code: 190243

Dear Madam:

Please find enclosed one copy of the "Affidavit of Leon A. Law in Support of Pembroke Telephone Cooperative's Use of Federal Universal Service Support".

Should you have any questions or need additional information, please do not hesitate to call.

Sincerely,

Interim General Manager

Cc: USAC/Irene Flannery

NECA

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AFFIDAVIT OF LEON A. LAW IN SUPPORT OF PEMBROKE TELEPHONE COOPERATIVE'S USE OF FEDERAL UNIVERSAL SERVICE SUPPORT

STATE OF VIRGINIA

COUNTY OF GILES

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I, Leon A. Law, declare as follows:

- 1. I am President of Pembroke Telephone Cooperative and am authorized to give this affidavit on its behalf. This affidavit is being given to support the certification of the use of federal universal service funds for 2005 as required by 47 C.F.R. [§ 54.313/§ 54.314].
- 2. Under 47 C.F.R. [§ 54.313/§ 54-314], the Cooperative is required to submit an annual certification to the Federal Communications Commission ("FCC") and the Universal Service Administrative Company ("USAC"), certifying that rural incumbent local exchange carriers and/or eligible telecommunications carriers serving lines in the service area of a rural incumbent local exchange carrier within the Commonwealth of Virginia will use federal high-cost universal service support in a manner consistent with section 254(e) of the Telecommunications Act of 1996 (the "Act"), 47 U.S.C. § 254 (e). Absent such certification, such carriers will not receive universal service support. In order for carriers to receive federal support beginning January 1 of each year, the Commission's certification must be filed with the FCC and the USAC by October 1 of the preceding year.
- 3. Pembroke Telephone Cooperative hereby certifies that the federal high-cost universal service support Pembroke Telephone Cooperative will receive in 2005 will be used for the services and functionality's outlined in 47 C.F.R. § 54.101(a), and that it will only use the federal high-cost support it receives for the provision, maintenance and upgrading of facilities and services for which such support is intended, consistent with section 254(e) of the Act.

FURTHER AFFIANT SAYETH NOT.	
Som all-	
Leon A. Law	. salkittiaa.
Title: President	WILL S. WILL
PEMBROKE TELEPHONE COOPERATIVE	WILL ON WE SEE
Subscribed and sworn to before me this 20th day of	September, 2004
Au S Williams Notary Public	A PRIMA
inotary Fubile	To Internated With

My commission expires June 30_2008

Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

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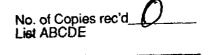
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In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	DOCKET FILE COPY ORIGINAL
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REPLY COMMENTS OF THE OFFICE OF ADVOCACY, U.S. SMALL BUSINESS ADMINISTRATION, ON THE NOTICE OF PROPOSED RULEMAKING AND INITIAL REGULATORY FLEXIBILITY ANALYSIS

The Office of Advocacy of the U. S. Small Business Administration ("Advocacy") submits these Reply Comments to the Federal Communications Commission ("FCC" or "Commission") regarding its *Notice of Proposed Rulemaking* ("NPRM")¹ in the above-captioned proceeding. In the NPRM, the Commission sought comment on (1) whether to adopt in whole or in part the most recent *Recommended Decision of the Joint Board*,² concerning the process for designation of eligible telecommunications carriers ("ETCs"); and (2) related proposals to streamline FCC rules regarding high-cost universal service support.³ To preserve the long-term viability of the Universal Service Fund, the Joint Board recommended that Universal Service support only apply to a single connection (or "primary line") that provides access to the public telephone network.⁴

Advocacy has reviewed the NPRM and the FCC's initial regulatory flexibility analysis



¹ In the Matter of Federal-State Joint Board on Universal Service, Notice of Proposed Rulemaking, CC Dkt. No. 96-45, FCC 04-127 (rel. June 8, 2004). [hereinafter referred to as the "NPRM"].

² Federal-State Joint Board on Universal Service, CC Dkt. No. 96-45, Recommended Decision, 19 FCC Rcd 4257 (2004) ("Recommended Decision").

³ NPRM, para 1.

⁴ Recommended Decision, paras, 56-71.

("IRFA"), which is required by Section 603 of the Regulatory Flexibility Act. Advocacy believes that the primary line restriction will have a significant impact on small rural carriers, and recommends that the FCC conduct further analysis of the impact and draw on the comments for additional information on the impact on small telecom carriers. Advocacy also recommends that the FCC further analyze the alternative approaches proposed by the Joint Board and determine how the alternatives identified in the NPRM and those suggested in the public comments could reduce the economic impact on small telecom carriers. In addition to the analysis required by the RFA, Advocacy recommends that the Commission take the extra step of analyzing the impact of each regulatory alternative on small business end-users of telecom services.

1. Advocacy Background

Congress established the Office of Advocacy under Pub. L. 94-305 to represent the views of small business before Federal agencies and Congress. Advocacy is an independent office within the Small Business Administration ("SBA"), so the views expressed by Advocacy do not necessarily reflect the views of the SBA or the Administration. Section 612 of the Regulatory Flexibility Act ("RFA") requires Advocacy to monitor agency compliance with the RFA, as amended by the Small Business Regulatory Enforcement Fairness Act of 1996.⁵

Congress crafted the RFA to ensure that, while accomplishing their intended purposes, regulations did not unduly inhibit the ability of small entities to compete, innovate, or to comply with the regulation.⁶ To this end, the RFA requires agencies to analyze the economic impact of proposed regulations when there is likely to be a significant economic impact on a substantial number of small entities, and to consider regulatory alternatives that will achieve the agency's

⁵ Pub. L. No. 96-354, 94 Stat. 1164 (1980) (codified at 5 U.S.C. §§ 601-612) amended by Subtitle II of the Contract with America Advancement Act, Pub. L No. 104-121, 110 Stat. 857 (1996). 5 U.S.C. § 612(a).

⁶ Pub. L. 96-354, FINDINGS AND PURPOSES, SEC. 2 (a)(4)-(5), 126 Cong. Rec. S299 (1980).

goal while minimizing the burden on small entities.⁷

On August 13, 2002, President George W. Bush signed Executive Order 13272 requiring federal agencies to implement policies protecting small entities when writing new rules and regulations. This Executive Order highlights the President's goal of giving "small business owners a voice in the complex and confusing federal regulatory process" by directing agencies to work closely with the Office of Advocacy and properly consider the impact of their regulations on small entities. In addition, Executive Order 13272 authorizes Advocacy to provide comment on draft rules to the agency that has proposed the rule, as well as to the Office of Information and Regulatory Affairs of the Office of Management and Budget. Executive Order 13272 also requires agencies to give every appropriate consideration to any comments provided by Advocacy. Under the Executive Order, the agency must include, in any explanation or discussion accompanying the final rule's publication in the *Federal Register*, the agency's response to any written comments submitted by Advocacy on the proposed rule, unless the agency certifies that the public interest is not served by doing so. 11

2. The FCC Should Further Analyze the Impact of the Primary Line Limitation on Small Telecom Carriers

The FCC issued an IRFA as part of its NPRM, but the IRFA does not conduct an adequate analysis of the impact on small telecom carriers of restricting Universal Service support to primary lines. Advocacy recommends that the FCC conduct further analysis of the impact and draw on the comments for additional information on the impact on small telecom carriers.

The potential impact on small telecom carriers can be calculated by estimating the

⁷ See generally, Office of Advocacy, U.S. Small Business Administration, A Guide for Federal Agencies: How to Comply with the Regulatory Flexibility Act (2003), available at http://www.sba.gov/advo/laws/rfaguide.pdf.

⁸ Exec. Order. No. 13272 at § 1, 67 Fed. Reg. 53,461 (2002).

White House Home Page, *President Bush's Small Business Agenda*, (announced March 19, 2002) (last viewed February 2, 2004) http://www.whitehouse.gov/infocus/smallbusiness/regulatory.html.

10 E.O. 13272, at § 2(c).

¹¹ Id. at § 3(c).

portion of the price increase that cannot be passed on to the customer. The Commission would need to estimate the price elasticity of demand to determine how much of the increase (resulting from support being limited to a primary line) will have to be absorbed by the provider. This type of preliminary analysis will provide a reasonable estimate of the impact of the FCC's proposal on small carriers serving rural communities.

Many comments responded to the Joint Board's recommendation that high-cost universal service support be limited to a primary line that provides access to the public telephone network. The small telecom carriers and their representatives commented that the recommendation would: impose severe economic difficulties for small carriers, greatly increase their operating costs, and discourage investment in the network. The National Telecom Cooperative Association ("NTCA") commented that the smallest carriers in extremely rural areas are particularly dependent on Universal Service support, as they serve remote areas of the country, which do not have the population density to support a robust network. They contend that a limitation in support to primary lines would reduce these carriers to all but a basic connection in rural areas. 14

Several of the small rural wireline carriers and a wireless association stated that they build networks, not lines, and that the primary line limitation does not relate to what it costs a carrier to deploy network infrastructure and is not tied to the carrier's full network costs.¹⁵ The United States Telecom Association ("USTA") said that carriers do not currently calculate their

¹² Recommended Decision, paras. 56-71.

¹³ Comments of the Rural Telecommunications Association, to the *Notice of Proposed Rulemaking* in CC Dkt. No. 96-45 at 22 (Aug. 6, 2004) (RTA Comments); Comments of Western Wireless, to the *Notice of Proposed Rulemaking* in CC Dkt. No. 96-45, Exhibit B (Aug. 6, 2004) (Western Wireless Comments).

¹⁴ Comments of the National Telecommunications Cooperative Association to the *Notice of Proposed Rulemaking* in CC Dkt. No. 96-45 at 7 (Aug. 6, 2004) (NTCA Comments).

¹⁵ RTA Comments, at 20; NTCA Comments at 3; Comments of the Rural Cellular Association, to the *Notice of Proposed Rulemaking* in CC Dkt. No. 96-45 at 23-24 (Aug. 6, 2004) (RSA Comments); Comments of the National Exchange Carrier Association, to the *Notice of Proposed Rulemaking* in CC Dkt. No. 96-45 at 5-6 (Aug. 6, 2004) (NECA Comments).

costs on a per-line basis and to require carriers to do so, would require a change in how carriers allocate costs and recover them, potentially disrupting prices and increasing billing costs. ¹⁶ The National Exchange Carrier Association ("NECA") said that the primary line restriction would make the Universal Service support less predictable. Tariff rates would have to be adjusted at unpredictable intervals and may require new rate elements to recover common line costs. ¹⁷

Another issue the FCC should analyze is the impact on small businesses based on how it defines primary lines. Wireline and wireless carriers are concerned about how the primary line would be defined and how the primary line would be selected. Wireless carriers are concerned that the wireline carrier will be made the default primary line provider, putting wireless carriers at a competitive disadvantage since they would have a smaller percentage of primary lines.

Further, carriers have difficulty distinguishing between primary and secondary lines in their billing systems. USTA says that systems will have to be modified and customer service personnel will have to be retrained to explain this new designation to customers, incurring training and personnel expenses.²¹ The Cellular Telecom Industry Association ("CTIA") raises the concern that since the carrier who has the primary line will receive compensation, while the carriers of other lines would not, the FCC may need to impose reporting obligations to ensure that support is going to the primary line carrier.²²

The Commission should review all of these potential compliance burdens and analyze their impact on small telecom carriers. The FCC should pay particular attention to reporting

¹⁶ Comments of the United States Telecom Association, to the *Notice of Proposed Rulemaking* in CC Dkt. No. 96-45 at 20-21 (Aug. 6, 2004) (USTA Comments).

¹⁷ NECA Comments at 8-9.

¹⁸ RTA Comments at 27; Western Wireless Comments, Exhibit B; NTCA Comments at 9; RSA Comments at 23-24.

¹⁹ Comments of CTIA-The Wireless Association, to the *Notice of Proposed Rulemaking* in CC Dkt. No. 96-45 at 20 (Aug. 6, 2004)(CTIA Comments).

²⁰ Id. at. 5-16.

²¹ USTA Comments at 20.

²² CTIA Comments at 20.

requirements, mandates that require additional equipment or software, and training and personnel expenses.

3. The FCC Should Consider Alternatives that Will Minimize the Impact on Small Rural Carriers

In the IRFA, the FCC mentions three proposals that could avoid or mitigate the impact of the primary line limitation on small telecom carriers, but does not describe how these alternatives would minimize the impacts on the small carriers. The Commission should expand on these alternatives (restatement, lump sum payment, and hold harmless) and more fully analyze their value in minimizing the impact. Several commenters stated that these alternatives would not be effective or would benefit one class of carriers over another. The FCC should give consideration to these possibilities.

One alternative endorsed by many commenters is to adopt a recommendation by the Joint Board to standardize the minimum criteria to become an ETC and qualify for Universal Service support.²⁴ Several commenters recommend that the Commission increase the requirements to become an ETC to include: adequate financial resources, commitment to provide supported services throughout service area to all customers, ability to remain functional in emergency situations, and commitment to utilize funding only to support infrastructure within the designated service area.²⁵

A few commenters also endorse the Joint Board's recommendation²⁶ that the Commission adopt an annual certification process to ensure that ETCs continue to provide the supported services.²⁷ One wireless carrier recommends that the FCC adopt the Joint Board's

²³ NPRM, para. 23.

²⁴ Recommended Decision, para 18.

²⁵ RTA Comments at 31-40; NTCA Comments at 16-18; NECA Comments at 18; USTA Comments at 7-10.

²⁶ Recommended Decision, paras. 46-48.

²⁷ NECA Comments at 18; USTA Comments at 15.

proposal to freeze per-line support on competitive entry.²⁸

In addition to the Joint Board's recommendations, commenters propose several other alternatives that the FCC should consider. The Rural Telecommunications Association ("RTA") proposes a cost-based system of support for wireless carriers that scales with the size of the wireless carrier and the size of its service area. Western Wireless recommends that the Commission adopt a per-line cap for ETC funding, a Universal Service study area funding cap, or base support on forward-looking economic costs. NTCA recommends that ETC support should be based on that carrier's actual costs, not the incumbent wireline carrier's costs. CTIA proposes combining study areas within a state or basing incumbent carrier's support on forward looking mechanisms.

4. The FCC Should Consider the Indirect Impact on Small Business Consumers

Under the RFA, the Commission is not required to assess the proposed rule's impact on small business users of telecom service, because the impact on these consumers is indirect.³² However, due to the potentially significant and foseeable impact on small business consumers in rural areas, Advocacy recommends that the FCC carefully analyze the implications of regulatory approaches on small businesses that have come to rely on Universal Service support for the telecom services they use. In its *Recommended Decision* to the FCC, the Joint Board recognized such impacts, asking the Commission to be mindful of the potential impacts the proposal may have on rural small business:

We also recommend that the Commission further develop the record on the appropriate treatment of businesses with multiple connections, particularly small businesses, under our recommended approach. Historically, the Joint Board and

²⁸ CTIA Comments at 22.

²⁹ RTA Comments at 5-14.

³⁰ NTCA Comments at 5-6.

³¹ CTIA Comments at 23.

³² Mid-Tex Elec. Coop v. FERC, 773 F. 2d 327, 342 (D.C. Cir. 1985).

Commission have concluded that universal service concerns are not as great for multi-line business customers. Some commenters, however, have raised concerns that limiting support to a single point of access provided for residential and business customers may discourage operation of businesses, particularly small businesses, in rural areas. Commenters have noted that rural economies are highly dependent on the presence of businesses to provide jobs and services. Restating support should address these concerns to a large extent by avoiding upward pressure on rates for all customers in rural areas. Nevertheless, we believe that these concerns warrant careful consideration. One possible means to address such concerns with regard to small businesses is to allow high-cost support for some designated number of multiple connections for businesses, rather than restricting support to a single business connection.³³

Several of the comments also note that the primary line limitation will have a significant impact on small business consumers. NTCA says that the primary line limitation will result in significant cost increases to unsupported business lines.³⁴ According to NECA, consumers living in high-cost areas may face significant cost increases per month. The primary line limitation would present significant disadvantages to small business consumers in rural areas.³⁵ RTA states that primary line limitation would increase the telecom cost burden on small rural businesses and would threaten their ability to compete and survive. Furthermore, RTA states that these small businesses are often least able to pass on the increase in costs to their customers.³⁶

Because of the significant potential impact on small business customers, Advocacy recommends that the FCC consider the economic impact of the primary line limitation on these small businesses.

5. Conclusion

Advocacy recommends that the FCC fully analyze the impact of the *Recommended*Decision on small entities, the effect of overlapping rules, and consider significant alternatives that minimize the economic impact on small entities. In addition, Advocacy is recommending

³³ Recommended Decision, para. 84.

³⁴ NTCA Comments at 7.

³⁵ NECA Comments at 7-8.

³⁶ RTA Comments at 25-26.

that the FCC perform an economic analysis beyond that required by the RFA to assess the implications of this rulemaking for small businesses that consume telecom services which currently receive Universal Service support. The Office of Advocacy is available to assist the Commission in these efforts. For additional information or assistance, please contact me or Eric Menge of my staff at (202) 205-6533 or eric.menge@sba.gov.

Respectfully submitted,

Thomas M. Sullivan
Chief Counsel for Advocacy

Eric E. Menge

Assistant Chief Counsel for Telecommunications

Office of Advocacy U.S. Small Business Administration 409 3rd Street, S.W. Suite 7800 Washington, DC 20416

Sept. 21, 2004

cc:

Chairman Michael K. Powell
Commissioner Kathleen Q. Abernathy
Commissioner Michael J. Copps
Commissioner Kevin J. Martin
Commissioner Jonathan S. Adelstein
Jeffrey Carlisle Acting Chief, Wireline Competition Bureau
Carolyn Fleming Williams, Director, Office of Communications Business Opportunities
Dr. John D. Graham, Administrator, Office of Information and Regulatory Affairs

Certificate of Service

I, <u>Eric E. Menge</u>, an attorney with the Office of Advocacy, U.S. Small Business Administration, certify that I have, on this September 21, 2004, caused to be mailed, first-class, postage prepaid, a copy of the foregoing Reply Comments to the following:

Honorable Michael K. Powell Chairman Federal Communications Commission 445 12th Street, S.W. Room 8-B201 Washington, DC 20554

Honorable Kathleen Q. Abernathy Commissioner Federal Communications Commission 445 12th Street, S.W. Room 8-B115 Washington, DC 20554

Honorable Michael J. Copps Commissioner Federal Communications Commission 445 12th Street, S.W. Room 8-A302 Washington, DC 20554

Honorable Kevin J. Martin Commissioner Federal Communications Commission 445 12th Street, S.W. Room 8-A204 Washington, DC 20554

Honorable Jonathan S. Adelstein Commissioner Federal Communications Commission 445 12th Street, S.W. Room 8-C302 Washington, DC 20554 Qualex International Portals II 445 12th Street, S.W. Room CY-B402 Washington, DC 20554

Eric E. Menge

Carolyn Fleming Williams
Director
Office of Communications Business
Opportunities
445 12th Street, S.W.
Room 7-C250
Washington, DC 20554

Jeffrey Carlisle
Acting Chief
Wireline Competition Bureau
445 12th Street, S.W.
Room 5-C450
Washington, DC 20554

Dr. John D. Graham Administrator Office of Information and Regulatory Affairs Office of Management and Budget 725 17th Street, N.W. Washington, DC 20503 September 22, 2004

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SEP 2 7 2004

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You may have received this earlier, in which it may have been missing some pages. Therefore it is being resent in its entirety and would hope it did not cause too much confusion.

Thank you

John Koenig

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John Koenig Oregon Public Utility Commission 503-378-6641

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Public Utility Commission

550 Capitol Street NE, Suite 215 Mailing Address: PO Box 2148 Salem, OR 97308-2148

> 1-800-522-2404 Local: 503-378-6600

Consumer Services

Administrative Services 503-373-7394

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FCC-MAILROOM

September 20, 2004

Marlene H. Dortch, Secretary Federal Communications Commission Office of the Secretary 445 12TH Street SW Washington DC 20554

RE:

CC Docket No. 96-45

Annual State Certification of Eligible Telecommunications Carriers Annual Analysis of Non-Rural ILEC Rates in Rural Service Areas

Enclosed is Order No. 04-532 of the Public Utility Commission of Oregon (OPUC) issued pursuant to the requirements of Federal Communications Commission (FCC) Order No. 01-157 in CC Docket No. 96-45 and FCC Order No. 03-249, also in CC Docket No. 96-45.

Pursuant to the requirements of FCC Order No. 01-157, Appendix A to OPUC Order No. 04-532 lists the eligible telecommunications carriers (ETCs) authorized to receive federal universal service fund (USF) high cost support in Oregon. Appendix B provides the affidavit that ETCs filed with the OPUC attesting to their use of federal USF high cost support.

Pursuant to the requirements of FCC Order No. 03-249, Appendix C to OPUC Order No. 04-432 summarizes the basic service rates charged by non-rural incumbent local exchange carriers (ILECs) in their rural Oregon service territories. Appendix D provides a detailed analysis of the individual rate elements included in these basic service rate.

Please address any questions to Dave Booth of the OPUC Staff at (503) 378-6635.

Phil Nyegaard
Utility Program Administrator
Telecommunications Division

Enclosure

cc: Irene Flannery

Universal Service Administrative Company 2120 L Street, NW – Suite 600 Washington, DC 20037

Oregon Rural Local Exchange Carriers RCC Minnesota, Inc.
United States Cellular Corporation, Inc.

September 22, 2004

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Thank you

John Koenig

John Koenig

Oregon Public Utility Commission

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Consumer Services 1-800-522-2404

Local: 503-378-6600 Administrative Services

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SEP 2 7 2004

FCC - MAILROOM

September 20, 2004

Marlene H. Dortch, Secretary Federal Communications Commission Office of the Secretary 445 12TH Street SW Washington DC 20554

RE:

CC Docket No. 96-45

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Pursuant to the requirements of FCC Order No. 03-249, Appendix C to OPUC Order No. 04-432 summarizes the basic service rates charged by non-rural incumbent local exchange carriers (ILECs) in their rural Oregon service territories. Appendix D provides a detailed analysis of the individual rate elements included in these basic service rate.

Please address any questions to Dave Booth of the OPUC Staff at (503) 378-6635.

Phil Nyegaard
Utility Program Administrator
Telecommunications Division

Enclosure

cc: Irene Flannery

Universal Service Administrative Company

2120 L Street, NW - Suite 600

Washington, DC 20037

Oregon Rural Local Exchange Carriers

RCC Minnesota, Inc.

United States Cellular Corporation, Inc.

04 532

ORDER NO.

ENTERED

SEP 1 6 2004

BEFORE THE PUBLIC UTILITY COMMERCENED & INSPECTED

OF OREGON

SEP 2 7 2004

UM 873

FCC - MAILROOM

In the Matter of)
ELIGIBLE TELECOMMUNICATIONS CARRIERS)) ORDER
Annual certification for continued eligibility to receive federal universal service fund high cost support pursuant to FCC Order No. 01-157; and annual certification of non-rural ILEC basic service rates pursuant to FCC Order No. 03-249.)))))

DISPOSITION: ELIGIBLE TELECOMMUNICATIONS CARRIERS
DESIGNATED TO RECEIVE FEDERAL UNIVERSAL
SERVICE HIGH COST FUND SUPPORT; AND

BASIC SERVICE RATES CHARGED BY NON-RURAL LOCAL EXCHANGE CARRIERS IN RURAL AREAS DEEMED COMPARABLE TO A NATIONAL URBAN BENCHMARK

ELIGIBLE TELECOMMUNICATIONS CARRIERS

The Federal Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), delegates authority to state commissions to designate the telecommunications carriers who are eligible to receive federal Universal Service Fund (USF) support. To qualify, a carrier must meet certain requirements. The requirements include offering services supported by the federal universal service support mechanisms and advertising the availability of those services in media of general distribution.

At the Public Utility Commission of Oregon's (Commission) December 2, 1997 Public Meeting, we designated 32 local exchange carriers (ILECs) as eligible for federal USF support. Our decision was memorialized in Order No. 97-481. On June 24, 2004, the Commission issued Order Nos. 04-355 and 04-356 which designated two Commercial Mobile Radio Service (CMRS) carriers as authorized to receive federal USF support.

On May 23, 2001, the Federal Communications Commission (FCC) released FCC Order No. 01-157. Among other things, that order requires states to file annual certifications with the FCC certifying that the use of federal universal service funds is consistent with Section 254(e) of the Act. In order for rural ILECs, or other eligible telecommunications carriers (ETCs) operating in the service areas of rural ILECs, to continue to receive federal support after January 1, 2002, the FCC required that state certifications be submitted to the FCC and the Universal Service Administrative Company by October 1st of each year.

In compliance with the federal requirements, the Commission certified the eligibility of Oregon's rural local exchange companies at public meetings in 2001 (Order No. 01-819), 2002 (Order No. 02-605) and 2003 (Order No. 03-551). This Order addresses eligibility certification for 2004.

In response to requests from the Commission staff (Staff), 34 Oregon ETCs, including 32 rural telephone companies and two CMRS carriers, filed signed and sworn affidavits attesting to the use of federal USF support in compliance with the FCC rule. We addressed the certification matter at our Public Meeting on September 7, 2004, and adopted Staff's recommendation to certify the responding telecommunications carriers. The Staff Report, which includes a list of the 34 carriers, is attached to this order as Appendix A.

RURAL TO URBAN BASIC SERVICE RATE COMPARABILITY

On October 27, 2003, the FCC issued Order No. 03-249, which requires state public utility commissions to certify that the basic service rates charged by non-rural ILECs in their rural service areas are reasonably comparable to urban rates nationwide. This determination is made by comparing the basic service rates charged by non-rural ILECs in their rural service areas to a national average benchmark for urban basic service rates as calculated by the FCC.

In compliance with this federal requirement, Staff conducted an analysis of the basic service rates charged by Oregon's non-rural ILECS, Qwest and Verizon, in their rural service territories. Staff's analysis indicates that in many rural exchanges, Qwest and Verizon charge basic service rates below the current national average urban benchmark of \$24.75 per line per month as calculated by the FCC. In all cases, the basic service rates charged by Qwest and Verizon in rural exchanges are significantly below the FCC's current "safe harbor" rate of \$34.16 per line per month. We addressed the rural to urban basic service rate comparability matter at our Public Meeting on September 7, 2004, and adopted Staff's recommendation to certify that the basic service rates charged by Oregon's non-rural ILECs in their rural service areas are comparable to basic service rates charged in urban areas. Detailed information regarding the analysis of basic service rates as discussed in Staff's Report, are attached to this Order as Exhibits C and D.

¹ Page 1 and page 5 of the attached Staff Report incorrectly refer to "FCC Order No. 03-157." The appropriate reference is "FCC Order No. 01-157."

CONCLUSIONS

The rural telecommunications carriers, listed in Exhibit A of the Staff Report, are qualified for designation as telecommunications carriers eligible to receive federal universal service high cost support. The basic service rates charged by non-rural ILECs in their rural service areas are certified to be comparable to urban rates.

ORDER

IT IS ORDERED that:

- 1. The rural telecommunications carriers, listed on Exhibit A of the Staff Report, are designated as telecommunications carriers eligible to receive federal universal service support pursuant to FCC Order No. 01-157; and
- 2. We certify that the basic service rates charged by non-rural ILECs in their rural service areas, as summarized in Exhibit C of the Staff Report, are reasonably comparable to urban basic service rates nationwide pursuant to FCC Order No. 03-249.

SEP 1 6 2004 Made, entered, and effective

Chairman

John Savage / Commissioner

> Ray Baum Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to ORS 756.580.

ITEM NO. 2

PUBLIC UTILITY COMMISSION OF OREGON STAFF REPORT PUBLIC MEETING DATE: September 7, 2004

REGULAR	X CONSENT EFFECTIVE DATE N/A
DATE:	August 26, 2004
то:	Commissioners Lee Beyer, Ray Baum and John Savage
FROM: THROUGH:	John Wright Dave Booth, Phil Nyegaard and Lee Sparling
SUBJECT:	OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. UM 873) Annual certification for continued eligibility to receive federal universal service fund high cost support pursuant to FCC Order No. 01-157; and annual certification of non-rural ILEC basic service rates pursuant to FCC Order No. 03-249.

STAFF RECOMMENDATION:

Staff recommends that the Commission:

- Certify that the rural incumbent local exchange carriers (rural ILECs) and the competitive eligible telecommunications carriers (CETCs), listed in Exhibit A to this report, are authorized to receive federal Universal Service Fund (USF) high cost support pursuant to Federal Communications Commission (FCC) Order No. 03-157; and
- Certify that the basic service rates charged by non-rural ILECs in their rural service areas, as summarized in Exhibit C to this report, are reasonably comparable to urban basic service rates nationwide pursuant to FCC Order No. 03-249.

DISCUSSION:

A. Certification of Rural ILECs and CETCs

Section 214(e)(2) of the Telecommunications Act of 1996 (Act) authorizes state public utility commissions to designate telecommunications carriers eligible to receive federal USF high cost support. The Commission first exercised this authority in December 1997 when it designated Oregon's ILECs as eligible

APPENDIX A
PAGE / OF /O

telecommunications carriers (ETCs). In June 2004, the Commission designated two wireless carriers operating in the service areas of rural ILECs as CETCs authorized to received federal USF high cost support. 2

In May 2001, the FCC issued Order No. 01-157 which requires state public utility commissions to annually certify that rural ILECs, and CETCs operating in the service areas of rural ILECs, are using their federal USF support in compliance with Section 254(e) of the Act. Pursuant to Section 254(e), federal USF high cost support shall be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended. The Commission must provide this annual certification to the FCC and the Universal Service Administrative Company (USAC) by October 1st of each year.

In Oregon and numerous other states, this annual certification is achieved by requiring the corporate officers of rural ILECs and CETCs to provide a sworn affidavit attesting to their use of federal USF high cost funds. A sample affidavit of the type used for the 2004 certification process is attached as Exhibit B to this report. The Commission used this process to certify the eligibility of Oregon's rural ILECs in 2001, 2002 and 2003. Staff seeks for the Commission to once again certify eligibility for 2004, this time with the inclusion of CETCs in addition to the rural ILECs. It should be noted that commencing in 2005, these CETCs, RCC Minnesota, Inc., and United States Cellular Corporation, will be required to file extensive documentation regarding their federal USF high cost support in addition to an affidavit, as part of the annual re-certification process.

On July 16, 2004, Staff mailed an affidavit to each of the rural ILECs and CETCs listed in Exhibit A. Each responded with a signed and notarized affidavit which will be added to the record in this docket. Based on these affidavits, and because the continued receipt of federal USF high cost support is vital to maintaining reasonable basic service rates in the service areas of rural ILECs,⁶

¹ See Order No. 97-481, Docket UM 873.

² See Order No. 04-355 in Docket UM 1083 and Order No. 04-356 in Docket UM 1084.

³ See Order No. 01-157, paragraph 192 and CFR §54.314.

⁴ See PUC Orders 01-819, 02-605 and 03-551 in Docket UM 873

⁵ See Order No. 04-355, pages 16-17, in Docket UM 1083 and Order No. 04-356, pages 16-17, in UM 1084.

⁶ On a per line per month basis, Oregon's rural ILECs received an average of \$47.00 per month from federal USF high cost support programs in 2004. Federal USF high cost support programs are: high cost loop support; local switching support; long-term support; interstate access support; and interstate common line support.

Staff recommends the Commission certify the eligibility of the rural ILECs and the CETCs listed in Exhibit A.

B. Certification of Non-Rural ILEC Rates in Rural Service Areas

In October 2003, the FCC issued Order No. 03-249 which requires state public utility commissions to certify that the basic service rates charged by non-rural ILECs in their rural service areas are reasonably comparable to urban rates nationwide. This determination is made by comparing the basic service rates charged by non-rural ILECs in their rural service areas to a national average benchmark for urban basic service rates as calculated by the FCC. For purposes of this comparison, the FCC has specified a "safe harbor" mechanism which allows non-rural basic service rates to be presumed reasonable if they are less than two standard deviations above the national average urban benchmark.⁷ For example; the FCC's most recently calculated national average rate for basic service in urban areas is \$24.75.8 The rate two standard deviations above this benchmark is \$34.16. States whose non-rural ILECs charge rates below \$34.16. in their rural service areas are presumed to have basic service rates reasonably comparable to those charged in urban areas. States with non-rural ILEC rates more than \$34.16 in rural areas must explain to the FCC why such rural and urban rate differentials are reasonable.

Failure to provide this annual certification to the FCC and USAC by October 1st of each year will prevent any ETC in Oregon from receiving federal USF support. The FCC adopted this requirement to insure that federal and state universal service funding mechanisms are sufficient to meet the objectives of Section 254(b) of the Act which provides that consumers in rural, insular and high cost areas should have access to telecommunications services at rates that are "reasonably comparable" to rates charged for similar services in urban areas.

Qwest and Verizon are the only two non-rural ILECs in the state of Oregon. As is the case with non-rural ILECs in 40 of the 50 states, neither company receives federal USF high cost fund support despite the fact that they both provide service in high cost rural areas throughout their respective service territories. Hence the existence of the Oregon Universal Service Fund (OUSF), which was designed to

⁷ See Order No. 03-249, paragraphs 38, 70 and 81.

⁸ The FCC annually calculates this national average benchmark in a publication entitled, "Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service".

⁹ See Order No. 03-249, paragraph 5.

achieve the comparability between rural and urban rates mandated by Section 254(b) of the Act. 10 Because they receive no federal USF high cost fund support, the OUSF currently distributes approximately \$3.7 million per month to subsidize the basic service rates of Qwest and Verizon in their high cost rural service territories.

Exhibit C to this report summarizes the basic service rates charged by Qwest and Verizon in each rural Oregon county where they provide service. ¹¹ Exhibits D and E to this report provide a detail of the individual rate elements summarized in Exhibit C. Pursuant to the methodology used by the FCC to calculate the national urban benchmark of the \$24.75, the basic service rates calculated for Qwest and Verizon for this analysis include the following charges:

- + Charge for basic flat rate service
- + Charge for extended area service
- + Federal Subscriber Line Charge
- + Oregon Residential Service Protection Fund surcharge
- + E911 surcharge
- + City and county franchises fees and/or miscellaneous taxes 12
- + Oregon PUC fee assessment
- + Oregon Universal Service Fund surcharge
- + Federal Excise Tax
- + <u>Federal Universal Service Fund Surcharge</u> Monthly Rate for Basic Service

As illustrated in Exhibit C, Qwest basic service rates in rural Oregon counties range from \$23.69 to \$26.70 per month. Verizon basic service rates in rural Oregon counties range from \$22.36 to \$27.84. All of these basic service rates are significantly below the safe harbor threshold of \$34.16 set by the FCC and many are below the national average urban benchmark of \$24.75. Therefore,

¹⁰ The FCC's regulations concerning whether an ILEC is considered to be "rural" or "non-rural" are somewhat arcane. Basically, an ILEC is considered to be a rural company if it serves less than 100,000 access lines in a single study area. By default, Qwest and Verizon are the only non-rural ILECs in Oregon.

¹¹ The FCC requires state commissions to follow guidelines issued by the federal Office of Management and Budget (OMB) which publishes, and routinely updates, a list of metropolitan statistical areas in the United States. Pursuant to the OMB's methodology, any county which does not include a metropolitan statistical area is considered to be rural. Under this definition, only 10 of Oregon's 36 counties are considered to be non-rural.

¹² In order to avoid unnecessarily complex cost allocations, franchise fees and/or miscellaneous taxes charged municipalities in rural counties are assumed to apply throughout the entire county. That is, they are assumed to be charged to basic service customers even in areas outside municipal boundaries.

pursuant to FCC Order No. 03-249, they are presumed reasonably comparable to urban basic service rates nationwide and the Commission is not required to provide any additional explanations or analysis to the FCC or USAC.

PROPOSED COMMISSION MOTION:

An order be prepared in Docket UM 873, certifying that:

- 1. The rural ILECs and CETCs listed in Exhibit A are authorized to receive federal universal service high cost support pursuant to FCC Order No. 03-157; and
- 2. The basic service rates charged by Oregon's non-rural ILECs in their rural service areas are reasonably comparable to urban basic service rates nationwide pursuant to FCC Order No. 03-249.

UM 873 - 2004 Federal USF Certification.doc

Exhibit A
Eligible Telecommunications Carriers (Oregon Rural ILECs and CETCs)
Certified to Receive Federal Universal Service Fund High Cost Support

	Company 3 30 22 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	C Study Area Code &
1	Asotin Telephone Company	532404
2	Beaver Creek Cooperative Telephone Co.	532359
3	Canby Telephone Association	532362
4	Cascade Utilities, Inc.	532371
5	CenturyTel of Oregon, Inc.	532361
6	CenturyTel of Eastern Oregon, Inc.	532361
7	Citizens Telephone Co. of Oregon, Inc.	533401
8	Clear Creek Mutual Telephone Company	532363
9	Colton Telephone Company	532364
10	Eagle Telephone System, Inc.	532369
11	Gervais Telephone Co.	532373
12	Helix Telephone Company	532376
13	Home Telephone Company	532377
14	Malheur Home Telephone Company	532456
15	Midvale Telephone Exchange Inc.	532226
16	Molalla Communications Company	532383
17	Monitor Cooperative Telephone Company	532384
18	Monroe Telephone Company	532385
19	Mt. Angel Telephone Company	532386
20	Nehalem Telecommunications, Inc.	532387
21	North-State Telephone Company	532388
22	Oregon-Idaho Utilities, Inc.	532390
23	Oregon Telephone Corporation	532389
24	People's Telephone Company	532391
25	Pine Telephone System, Inc.	532392
26	Pioneer Telephone Cooperative	532393
27	Roome Telecommunications, Inc.	532375
28	Scio Mutual Telephone Association	532397
29	Stayton Cooperative Telephone Company	532399
30	United Telephone Co. of the Northwest	532400
31	St. Paul Cooperative Telephone Association	532396
32	Trans-Cascades Telephone Company	532378
33	RCC Minnesota Inc.	539001
34	United States Cellular Corporation	539002

Exhibit B AFFIDAVIT CERTIFYING USE OF UNIVERSAL SERVICE FUNDS

l,, bein	ng of lawful age and duly sworn, on my oath,
state that I am the	[an officer] of
	("Company") and that I am
authorized to execute this Affidavit on behalf this Affidavit are true to the best of my knowled the rules of the Federal Communications Coran annual certification that funds received un programs will be used only for the provision, services for which the support is intended. To Utility Commission of Oregon that pursuant to certification required under 47 C.F.R. § 54.31 cost support provided to it only for the provision discretices for which the support is intended service set forth in 47 U.S.C. 254. This included all of the provision of services that are proprates that are reasonably comparable to rates areas.	of the Company, and the facts set forth in edge, information and belief. Pursuant to mmission, 47 C.F.R. §54.314, there must be der the federal Universal Service Fund maintenance and upgrading of facilities and he Company hereby certifies to the Public o 47 C.F.R. § 54.7, and for purposes of the 14, the Company will use all federal highion, maintenance and upgrading of facilities d, consistent with the principles of universal des, but is not limited to, trying to meet the perly supported by the high-cost funds at
DATED this day of	2004
DATED this day of	, 2004.
	(Company)
Ву:	_ (Name)
Its:	(Title)
SUBSCRIBED AND SWORN to before me th	nisday of, 2004.
Notary Public in and for the State of Oregon	
My Commission Expires:	

Exhibit C
Summary of Non-Rural ILEC Basic Service Rates in Rural Oregon Counties

		20 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		Comments of the Administration	
жена паселения в поставия в пост		Mentily		KUS.	Monthly.
e delighter	econor.	anale,	-Exchanges	Countain	JRate*
Boker City	Baker	¢ 0.4.07	n	0	0.7.04
		\$ 24.07	Bandon	Coos	\$ 27.84
Sumpter Astoria	Baker	\$ 24.07	Coos Bay-N. Bend	Coos	\$.24.76
	Clatstop	\$ 24.07	Coquille	Coos	\$ 27.84
Cannon Beach	Clatstop	\$ 25.20	Lakeside	Coos	\$ 27.84
Seaside		\$ 24.07	Myrtle Point	Coos	\$ 27.84
Warrenton	Clatstop	\$ 24.07	Powers	Coos	\$ 27.84
Westport	Clatstop	\$ 26.32	Brookings	Curry	\$ 22.36
Prineville	Crook	\$ 26.02	Gold Beach	Curry	\$ 22.36
Oakland-Sutherlin	Douglas	\$ 25.20	Langlois	Curry	\$ 23.66
Roseburg	Douglas	\$ 25.20	Port Orford	Curry	\$ 23.66
	Jefferson	\$ 26.70	Reedsport	Douglas	\$ 23.28
Culver	Jefferson	\$ 25.60	Murphy-Provolt	Josephine	\$ 27.47
Madras	Jefferson	\$ 25.60	Mill City	Linn	\$ 27.71
Grants Pass	Josephine	\$ 24.07	Cove	Union	\$ 24.76
Klamath Falls	Klamath	\$ 24.07	Elgin	Union	\$ 24.76
Newport	Lincoln	\$ 23.69	Imbler	Union	\$ 24.76
Siletz	Lincoln	\$ 25.88	La Grande	Union	\$ 23.72
Toledo	Lincoln	\$ 24.78	Union	Union	\$ 24.76
Albany	Linn	\$ 24.89	Enterprise	Wallowa	\$ 23.66
Harrisburg	Linn	\$ 26.02	Joseph	Wallowa	\$ 23.66
Athena-Weston	Umatilla	\$ 26.32	Lostine	Wallowa	\$ 23.66
Hermiston	Umatilla	\$ 24.07	Wallowa	Wallowa	\$ 23.66
Milton Freewater	Umatilla	\$ 25.20			•.
Pendleton	Umatilla	\$ 24.07			
Stanfield	Umatilla	\$ 25.20			
Umatilla	Umatilla	\$ 25.20			
Walla Walla	Umatilla	\$ 25.20			

Exhibit D

Detail of Qwest Basic Service Rates in Rural Oregon Counties

·											V. 150. 188	S		in a line	Carlon San
Owest Exchange	Runal: • Caunty	-Rate Grav	- BAS Banca	Base Rate		Fed 61-0		OR PASTER		Mediavatav Mediavatav	spaliters (LP)	ous.	(EXHS) [60]	11657 6 8 3 6 7 8	Tio lal
Baker City	Baker	1	Α	12.80	1,28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Sumpter	Baker	1	Α	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Astoria	Clatstop	. 1	A	12.80_	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Cannon Beach	Clatstop	2	Α	13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.20
Seaside	Clatstop	1	_ A	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Warrenton	Clatstop	1	Α	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Westport	Clatstop	3	Α	14.80	1.28	6.50	0.00	0.13	0.75	0.44	0.11	1.05	0.68	0.59	26.32
Prineville	Crook	2	В	13.80	2.03	6.50	0.00	0.13	0.75	0.41	0.11	1.03	0.67	0.59	26.02
Oakland-Sutherlin	Douglas	2	Α	13.80	1.28	6.50	0.00	0.13	0.75	0,41	0.11	0.98	0.65	0.59	25.20
Roseburg	Douglas	2	Α	13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.20
Camp Sherman	Jefferson	3	В	14.80	2.03	6.50	0.00	0.13	0.75	0.00	0.11	1.09	0.70	0.59	26.70
Culver	Jefferson	2	В	13.80	2.03	6.50	0.00-	0.13	0.75	0.00	0.11	1.03	0.67	0.59	25.60
Madras	Jefferson	2	В	13.80	2.03	6.50	0.00	0.13	0.75	0.00	0.11	1.03	0.67	0.59	25.60
Grants Pass	Josephine	1	Α	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Klamath Falls	Klamath	1	A	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Newport	Lincoln	1	Α	12.80	1.28	6.50	0.00	0.13	0.75	0.00	0.11	0.92	0.62	0.59	23.69
Siletz	Lincoln	3	Α	14.80	1.28	6.50	0.00	0,13	0.75	0.00	0.11	1.05	0.68	0.59	25.88
Toledo	Lincoln	2	Α	13.80	1.28	6.50	0.00	0.13	0.75	0.00	0.11	0.98	0.65	0.59	24.78
Albany	Linn	1	В	12.80	2.03	6.50	0.00	0.13	0.75	0.38	0.11	0.96	0.64	0.59	24.89
Harrisburg	Linn	2	В	13.80	2.03	6.50	0.00	0.13	0.75	0.41	0.11	1.03	0.67	0.59	26.02
Athena-Weston	Umatilla	3	Α	14.80	1.28	6.50	0.00	0.13	0.75	0.44	0.11	1.05	0.68	0.59	26.32
Hermiston	Umatilla	1	A	12.80	1,28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Milton Freewater	Umatilla	2	A	13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.20
Pendleton	Umatilla	1	A	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.07
Stanfield	Umatilla	2	A	13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.20
Umatilla	Umatilla	2	A	13.80	1.28	6.50	0.00	0.13	0.75	.0.41	0.11	0.98	0.65	0.59	25.20
Walla Walla	Umatilla	2	A	13.80	1:28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.20

Exhibit D

Detail of Qwest Basic Service Rates in Rural Oregon Counties

	· · · ·							1.0		•					
Qwest Exchange	Ruja County	Rate Cip.		Ease France	EAS Chief	Fed Suc		PS T	9			OUE S	Facility IE (else i c) E @ 2 0 % %		
							- Treatment and and	VALUE SERVICES	- Parameters der	S. SECTION SPECIAL SPE	A SUPERIOR OF THE PERIOR OF TH				
Baker City	Baker	1	Α	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.0
Sumpter	Baker	1	A	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.0
Astoria	Clatstop	- 1	· A	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.0
Cannon Beach	Clatstop	2	Α	13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.2
Seaside	Clatstop	.1	. A	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.0
Warrenton	Clatstop	1	Α	12.80	1,28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.0
Westport	Clatstop	3	Α	14.80	1.28	6.50	0.00	0.13	0.75	0.44	0.11	1.05	0.68	0.59	26.3
Prineville	Crook	2	В	13.80	2.03	6.50	0.00	0.13	0.75	0.41	0.11	1.03	0.67	0.59	26.0
Oakland-Sutherlin	Douglas	2	A	13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	
Roseburg	Douglas	2	Α	13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98		·	25.2
Camp Sherman	Jefferson	3	В	14.80	2.03	6.50	0.00	0.13	0.75	0.00	0.11		0.65	0.59	25.2
Culver	Jefferson	2	В	13.80	2.03	6.50	0.00	0.13	0.75	0.00	0.11	1.09	0.70	0.59	26.7
Madras	Jefferson	2	В	13.80	2.03	6.50	0.00	0.13	0.75	0.00	0.11	1.03	0.67	0.59	25.6
Grants Pass	Josephine	1	Ā	12.80	1.28	6.50	0.00	0.13	0.75	0.38		1.03	0.67	0.59	25.6
Klamath Falls	Klamath	1.	A	12.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.0
Newport	Lincoln	1	Ä	12.80	1.28	6.50	0.00	0.13	0.75	0.00	0.11	0.92	0.62	0.59	24.0
Siletz	Lincoln	3	A	14.80	1.28	6.50	0.00	0.13	0.75	0.00	0.11	0.92	0.62	0.59	23.6
Toledo	Lincoln	2	A	13.80	1.28	6.50	0.00	0.13	0.75		0.11	1.05	0.68	0.59	25.8
Albany	Linn	1	В	12.80	2.03	6.50	0.00	0.13	0.75	0.00	0.11	0.98	0.65	0.59	24.7
larrisburg	Linn	2	В	13.80	2.03	6.50	0.00	0.13		0.38	0.11	0.96	0.64	0.59	24.8
Athena-Weston	Umatilla	3	A	14.80	1.28	6.50			0.75	0.41	0.11	1.03	0.67	0.59	26.0
Hermiston	Umatilla		A	12.80	1.28		0.00	0.13	0.75	0.44	0.11	1.05	0.68	0.59	26.3
Milton Freewater	Umatilla	2		13.80		6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.0
Pendleton	Umatilla	1	A. A.	12.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.2
Stanfield	Umatilla	2	A	13.80	1.28	6.50	0.00	0.13	0.75	0.38	0.11	0.92	0.62	0.59	24.0
Jmatilla	Umatilla	2			1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.2
Valla Walla	Umatilla	$\frac{2}{2}$	A	13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.2
	Omauna		_ A _ [13.80	1.28	6.50	0.00	0.13	0.75	0.41	0.11	0.98	0.65	0.59	25.20

APPENDIX A
PAGE 9 OF 10

ORDER NO.

ENTERED

SEP 1 6 2004

BEFORE THE PUBLIC UTILITY COMPRESEND & INSPECTED

OF OREGON

SEP 2 7 2004

UM 873

FCC - MAILROOM

In the Matter of)	
ELIGIBLE TELECOMMUNICATIONS CARRIERS)	ORDER
Annual certification for continued eligibility to receive federal universal service fund high cost support pursuant to FCC Order No. 01-157; and annual certification of non-rural ILEC basic service rates pursuant to FCC Order		
No. 03-249.	j	

DISPOSITION: ELIGIBLE TELECOMMUNICATIONS CARRIERS
DESIGNATED TO RECEIVE FEDERAL UNIVERSAL
SERVICE HIGH COST FUND SUPPORT; AND

BASIC SERVICE RATES CHARGED BY NON-RURAL LOCAL EXCHANGE CARRIERS IN RURAL AREAS DEEMED COMPARABLE TO A NATIONAL URBAN BENCHMARK

ELIGIBLE TELECOMMUNICATIONS CARRIERS

The Federal Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), delegates authority to state commissions to designate the telecommunications carriers who are eligible to receive federal Universal Service Fund (USF) support. To qualify, a carrier must meet certain requirements. The requirements include offering services supported by the federal universal service support mechanisms and advertising the availability of those services in media of general distribution.

At the Public Utility Commission of Oregon's (Commission) December 2, 1997 Public Meeting, we designated 32 local exchange carriers (ILECs) as eligible for federal USF support. Our decision was memorialized in Order No. 97-481. On June 24, 2004, the Commission issued Order Nos. 04-355 and 04-356 which designated two Commercial Mobile Radio Service (CMRS) carriers as authorized to receive federal USF support.

Docket UM 873 August 26, 2004 Page 10

Exhibit E Detail of Verizon Rates in Rural Oregon Countles

	AAGHOAAG	Wallows	Ostine	Joseph	Enterprise	Union	La Grande	Imbler	Elgin	Cove	Mill City	Murphy-Provolt	Reedsport	Port Oriord	Larigiois	GOIU DEACH	Cold Book	Brookings	Powers	Myrtle Point	Lakeside	Coquille	Coos Bay-N. Bend			Exchange	
	VVallowa	AAGIIOMA	Walland	Wallows	Wallowa	Union	Union	Union	Union	Union	Linn	Josephine	Douglas	Curry	Curry	Curry	Curry	Curry	Cons	Coos	Coos	Coos	Coos	Coos		COUNTY	
	-	-	-	_ .	_	=	Ь	=	=	=	<	=			-				= =	=	=	=	_	Ξ			
	12.59	12.59	BC.71	3 2	12.59	12 59	12.59	12.59	12.59	12.59	12 59	12 59	12.59.	12.59	12.59	12.59	12.59	80.71	77.00	13 50	12 59	12.59	12.59	12.59		Transie	
	1.19	1.19		3 6	1 0	219	1 24	2.19	2.19	2 19	5 22	200	1.19	1.19	1.19	0.00	0.00	0.00	200	л (O	200	5.00	2.19	5.00	S. Carlotte	900	
	6.50	6.50	+	╁	+	+	\dashv	+	+	-	+	+	6.50	6.50	6.50	6.50	6.50	0.00		200	8 50	6.50	6.50	6.50			
	0.00	0.00	0.00	+	+	+	+	+	+	+		╁	3	000	0.00	0.00	0.00	0.00	2.00	3 8	3	0 00	0.00	0.00	1,200		24
	0.13	0.13	0.13	ر ا	3 2	2 2	3 0	2 2	2 0	2 2	3 0	3 2	7.2	0 13	0.13 -	0.13	0.13	0.13	C	2 5	3	0 13	0 13	0.13			
	0.75	0.75	0.75	0.70	0.70	75 0	22.0	75.0	0.75	0.75	0.75	2 7 0	0 75	0 75	0.75	0.75	0.75	0.75	0.75	2 1 2	370	0 75	0 75	0.75	VIII.		
	0.38	0.38	0.38	0.38	0.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 38 0 38	0.38	0.38	0.38	0.38	0.38	0.38		0.38	0.38	0.38	SEASON OF THE	FERSON	Figure
0.00	003	0.03	0,03	0.03	0.04	0.00	0.04	0.04	0.04	0.04	0.04	0.03	200	0.03	0.03	0.03	0.03	0.04	0.04	0.04	2 0		2 .	n 0		K	
	0 00	0.90	0.90	0.90	0.96	0.90	0.96	0.96	0.96	1.16	1.14	0.90	0.90	000	090	0.83	0.82	1.14	1.14	1.14	1.14	1 0	0 00		STORE STORE		Ĉ.
0.0	0.64	0.61	0.61	0.61	0.64	0.61	0.64	0.64	0.64	0.73	0.72	0.61	0.01	0.0	0.61	0.57	0.57	0.72	0.72	0.72	27.0	0.04	0.72	0 73	T. D. O. C.		
0.08	\downarrow	4	4	0.59	0.59	0.59	0.59	0.59		0.59	0.59	0.59				0.50	0.50	0.59	0.59	0.59	0.59	0.09	0.59	 }			
23.00	20.00	20.00	22 66	23.66	24.76	23.72	24.76	24.76	24.76	27.71	27.47	23.28	23.66	23.00	22.00	20.22	30 0	27 84	27.84	27.84	27.84	24./6	2/.84		NO TO		